

Message Text

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R 232352Z JUL 76
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW
AMCONSUL LENINGRAD

C O N F I D E N T I A L STATE 183435

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E.O. 11652: N/A

TAGS: EEWT, UR, US

SUBJECT: FMC CHAIRMAN BAKKE'S VISIT TO THE SOVIET UNION

REF: A) MOSCOW 11398 B) LENINGRAD 1142 C) STATE 179079
D) STATE 179385

1. THE DEPARTMENT APPRECIATES THE EXCELLENT REPORT FROM THE EMBASSY (REF A) ON FMC CHAIRMAN BAKKE'S TALKS WITH SOVIET OFFICIALS AND THE CONGEN'S FULL DESCRIPTION OF LENINGRAD PORT FACILITIES BASED ON TOUR ARRANGED FOR BAKKE AND HIS PARTY (REF B).

2. WHILE HE WAS IN LENINGRAD, CHAIRMAN BAKKE SIGNED A MEMORANDUM AGREEMENT WITH THE SOVIET MINISTRY OF MERCHANT MARINE ON OCEAN FREIGHT RATES. TELEGRAMS DESCRIBING THIS AGREEMENT WHICH HAVE BEEN SENT TO THE EMBASSY (REFS C AND
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D) ARE BEING REPEATED TO LENINGRAD.

3. IN RESPONSE TO A QUERY FROM DEPUTY SECRETARY ROBINSON CONCERNING THE FMC'S AUTHORITY TO ENTER INTO SUCH AN UNDERSTANDING, THE GENERAL COUNSEL OF THE FMC SENT A LETTER TO THE DEPUTY SECRETARY ON JULY 22. THE DEPARTMENT WOULD APPRECIATE THE EMBASSY'S COMMENTS ON THE PORTION OF THIS

LETTER THAT IS QUOTED BELOW. WE WOULD ALSO APPRECIATE ANY COMMENTS CONGEN LENINGRAD MAY HAVE ON THE EXTENT TO WHICH THE FMC KEPT IT INFORMED OF THE NEGOTIATION AND CONCLUSION OF THIS UNDERSTANDING:

4. BEGIN QUOTE "THE SIGNING OF THE MEMORANDUM AGREEMENT AROSE FROM DISCUSSIONS WITH SOVIET MARITIME OFFICIALS IN MOSCOW AND LENINGRAD OVER H.R. 14654, THE MOST RECENT VERSION OF THE SO-CALLED "THIRD-FLAG BILL"; WHICH IS CURRENTLY PENDING BEFORE THE HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES. THIS TOPIC WAS ADDED TO THE AGENDA OF ITEMS TO BE DISCUSSED, AT THE REQUEST OF IGOR AVERIN OF THE SOVIET MINISTRY OF MERCHANT MARINE, WHOSE REQUEST WAS COMMUNICATED TO YOUR DEPARTMENT BY THE U.S. EMBASSY IN MOSCOW IN STATE TELEGRAM MOSCOW 10584. I UNDERSTAND THAT THE CHAIRMAN'S DISCUSSIONS WITH SOVIET MARITIME OFFICIALS IN MOSCOW ON THIS TOPIC WERE HELD IN THE PRESENCE OF MR. KENNETH YALOWITZ, THE EMBASSY'S FIRST SECRETARY. DISCUSSIONS OVER H.R. 14654 UNDERSTANDABLY FOCUSED ON THE RATE PRACTICES OF INDEPENDENT SOVIET CARRIERS WHICH PROMPTED THE INTRODUCTION OF THIS BILL.

SHORTLY BEFORE DEPARTING MOSCOW FOR LENINGRAD WHERE HE WAS TO CONTINUE HIS DISCUSSIONS WITH MR. AVERIN, CHAIRMAN BAKKE DISCUSSED WITH MR. YALOWITZ THE POSSIBILITY THAT THE SOVIET AUTHORITIES MIGHT BE PREPARED TO GIVE HIM A WRITTEN UNDERTAKING ON BEHALF OF THE SOVIET CARRIERS TO THEIR SEEKING MEMBERSHIP IN THE OCEAN CONFERENCES. I UNDERSTAND THAT CHAIRMAN BAKKE SPECIFICALLY ASKED MR. YALOWITZ WHETHER HE COULD SIGN SUCH A DOCUMENT, OR WHETHER STATE DEPARTMENT PROCEDURES REQUIRED EMBASSY REVIEW AND APPROVAL PRIOR TO HIS SIGNING. IT IS MY FURTHER UNDERSTANDING THAT MR. YALOWITZ REPLIED THAT PRIOR CLEARANCE WAS NOT REQUIRED, CONFIDENTIAL

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BUT THAT IN THE EVENT SUCH A DOCUMENT WERE SIGNED, THE EMBASSY WOULD WANT TO RECEIVE A COPY THEREOF." END QUOTE. ROBINSON

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